

1 guess, of 60 percent. Now what is your
2 understanding as to what will happen for the other
3 40 percent of the means that will be necessary?

4 A. My understanding is that the shareholders
5 will pay their pro rata contributions.

6 Q. So you would pay your pro rata
7 contribution?

8 A. Oh, yes, sir.

9 Q. Mr. Reid would pay his?

10 A. Yes.

11 Q. Mr. Washington would pay his?

12 A. Yes.

13 Q. Now you're the secretary/treasurer of the
14 corporation at the present time; isn't that correct?

15 A. That is correct.

16 Q. You also are a voting shareholder now?

17 A. Yes, a minority of my shares, yes, that's
18 correct.

19 Q. What was the reason for that conversion
20 of your position from being solely a nonvoting
21 shareholder to a voting shareholder, why was that
22 done?

23 A. Well, we were structured in part -- and
24 both Mr. Washington and I became, in part, voting
25 shareholders to reflect the fact that we would be



1 performing and in fact are performing some of the
2 duties which originally would have been performed
3 solely by Chuck Reid. Bill Washington, as you may
4 know, is a CPA and is a distinguished gentleman in
5 his own right, who is running for United States
6 Congress in the new district. I don't know if you
7 knew that. It's a newly created congressional
8 district with no incumbent in it, obviously, and
9 because certain things weren't getting done, which,
10 frankly, should have been getting done when Chuck
11 was the solo commander in chief, Bill Washington
12 took over getting tax returns prepared, which would
13 be his expertise.

14 I took over some functions
15 involving a lawyer and acted as a liaison between
16 the lawyers and the other shareholders, and we made
17 some changes of the structure to reflect that, even
18 though Chuck Reid still is the majority shareholder
19 in terms of voting shares and is still the president
20 of the company.

21 Q. Now in addition to this loan arrangement
22 with Barnett Bank, does Jupiter Broadcasting
23 Corporation have a corporate bank account?

24 A. Not currently.

25 Q. Has it had a corporate bank account since



1 you have been secretary/treasurer?

2 A. No.

3 Q. Now you have a small interest in a
4 broadcast corporation; isn't that correct?

5 A. Correct.

6 Q. Is that still Power Communications?

7 A. Yes, sir.

8 Q. And you have a 2.5 percent interest?

9 A. That's correct. Yes, sir.

10 Q. And that company owns stations in
11 Indiana, is it in the Midwest?

12 A. Well, it's Corydon, Indiana, which
13 actually covers Louisville, Kentucky.

14 Q. Do they have more than one station?

15 A. No. It's an FM.

16 Q. Does Power Communications own more than
17 one station?

18 A. Not to my knowledge.

19 MR. BELISLE: I believe he supplied
20 you with their ownership report, with the most
21 recent ownership report. Same with Mr.
22 Potamkin's interest, only to be certain that
23 you got complete information just in case these
24 individuals couldn't remember a particular
25 interest.



1 BY MR. CARR:

2 Q. Do you have any options with regard to
3 the purchase of any additional stock in Power
4 Communications?

5 A. No.

6 Q. So the 2.5 percent is the extent of your
7 interest?

8 A. Yes.

9 Q. As far as you can see?

10 A. Yes.

11 Q. Now in the second revised shareholders'
12 agreement, which I'm not sure you still have in
13 front of you, let's see if you do. On page nine,
14 paragraph 8, which is what we looked at before, this
15 is the buy-back provisions?

16 A. Yes.

17 Q. And we have on page nine, 8(a), it goes
18 over to page 10, 8(b), it deals with the buy-back
19 provision for the Class B and Class A common stock.
20 I'd like you to turn your attention to page 10.
21 It's the (b) section at the bottom of the page.

22 My question is, what is your
23 understanding of how those buy-back provisions work
24 with regard to the Class A common stock?

25 A. Class A is voting stock.



1 Q. That's the voting stock, correct?

2 A. Let me read it.

3 MR. BELISLE: Maybe if we can say
4 if he had an understanding before --

5 THE WITNESS: Let me read it. It
6 seems to give the owners of voting stock the
7 ability to compel the purchase of that stock
8 either by the corporation or other
9 shareholders, or in the event that fails by a
10 sale to a third party or liquidation.

11 BY MR. CARR:

12 Q. If the corporation or the other
13 shareholders don't buy the shares, the corporation
14 will be liquidated and the assets sold?

15 A. Yeah. I would assume it would mean the
16 station would be put up for sale.

17 Q. In the first revised agreement we looked
18 at a paragraph which was entitled employment of
19 Charles Reid, and that was where he was going to get
20 \$500 per month?

21 A. Right.

22 Q. And in the second revised shareholders'
23 agreement, that language was changed, and I think it
24 just simply talks about -- I'm trying to find it
25 here, but I can't seem to put my finger on it. Is



1 there a provision in the second revised agreement
2 about payment to Charles Reid?

3 A. I don't think so.

4 MR. BELISLE: If you're asking me,
5 I don't believe there is either.

6 MR. CARR: Okay.

7 BY MR. CARR:

8 Q. Then my question is to you, why was that
9 deleted?

10 A. I think I partially answered that
11 previously. Chuck's duties for managing this
12 application, getting all the paperwork done, doing
13 the work with the attorneys was really divided three
14 ways among Chuck, Bill Washington and me. At the
15 time all of this was going on, my recollection is
16 Chuck Reid had about three jobs and he was being
17 worn ragged between those jobs in trying to do
18 everything that was supposed to be done here.

19 So -- And I love Chuck, but I will
20 say this frankly, he let some things slip and the
21 corporation was involuntarily dissolved for not
22 having filed the proper papers with the state, which
23 now Bill Washington does. It was really agreed by
24 Chuck that those duties should be divided up, and
25 that having been accomplished, it was no longer



1 really appropriate that he be paid for that.

2 Q. And on page 12 of the second revised
3 agreement, which is paragraph -- there's paragraph
4 13 entitled shareholder action, and it listed
5 various actions that the corporation's president
6 shall not take without the concurrence of the
7 shareholders holding 85 percent of the corporation's
8 voting common stock. Were those limitations on the
9 corporation's president, were they inserted in here
10 also as a result of this desire to prevent things
11 from slipping?

12 A. I think this was done to require virtual
13 unanimity among shareholders in order to share the
14 responsibility in a fashion that would make things
15 run more smoothly. They were agreed to by Chuck who
16 was still the largest voting shareholder, and that's
17 the way, that's the way we do it.

18 Q. So paragraph 13, subparagraph (e), which
19 refers to obligating the corporation in amounts
20 totaling in excess of \$200, in other words,
21 Mr. Reid, who holds 75 percent of the voting stock,
22 can't do that. He cannot obligate the corporation
23 over 200 because he must have 85 percent to do that
24 and, therefore, he would have to come to you; is
25 that correct?



1 A. And just as correct that I couldn't
2 obligate the corporation for more than \$200.

3 Q. Right, but this deals with the
4 corporation's president?

5 A. Yes.

6 Q. That's the language here?

7 A. Yes.

8 Q. In other words, under this provision
9 Mr. Reid, as the corporation's president and 75
10 percent voting shareholder, he cannot obligate the
11 corporation in excess of \$200 unless he comes to
12 you?

13 A. I believe that would be correct.

14 Q. And do you know who suggested the
15 insertion of this language, was it you?

16 A. I don't recall suggesting this language
17 and I don't really recall conversation among us, but
18 I'm sure it took place, and it obviously was agreed
19 to by everyone, including Chuck, Bill and me.

20 Q. Then would it also be true that the
21 option language on page 13 which gives the other
22 shareholders the right to purchase Reid's stocks and
23 therefore take him out of the company, was that also
24 inserted in here as part of this move to spread out
25 the duties of the other shareholders and to prevent



1 things from slipping further?

2 A. I'm not sure that this really relates to
3 duties so much as is expressed a method of
4 purchasing stock. You referred previously to the
5 paragraph where the shareholder, voting shareholders
6 owning voting stock could compel the purchase of
7 their shares. This provision would appear to be the
8 converse of that in the sense that Mr. Reid's stock
9 could be purchased by the other shareholders one
10 year after the radio station is on the air. And
11 Chuck consistently said to me, he may have said it
12 to you in this deposition earlier, I don't know,
13 that he wanted to help run a radio station and
14 that's what he was in this for, and the stock to him
15 was not the most important thing.

16 Q. Now the language in paragraph 15(b),
17 that's on page 14, it's that top part of the page,
18 that provides a method of valuing Mr. Reid's stock,
19 and it refers to selection of arbitrators and it
20 talks about the arbitrators taking into
21 consideration, among other things, the value of the
22 assets, and then taking a, in essence, a percentage
23 of that, that will be the purchase price based on
24 his percentage of shares. Now did you have any
25 input into this language?



1 A. I can assure you I have none whatsoever
2 into this language, which appears to be boiler plate
3 on valuation, but I'm not an expert on valuing radio
4 stations.

5 Q. So I take it it would not be a good use
6 of time to ask you what is your understanding of how
7 this operates?

8 A. No. Really not. The intent would be it
9 would be a fair valuation that's for all parties.

10 MR. BELISLE: I think you see that
11 really only kicks in if people can't agree on
12 the price. The way it was set up, first people
13 try to agree on the price.

14 THE WITNESS: That's clear.

15 MR. BELISLE: Only then do you have
16 to start wrangling.

17 MR. CARR: Yes.

18 BY MR. CARR:

19 Q. You can agree upon the price, if you
20 can't, then you go to arbitrators. I was looking at
21 the formula for valuing and I was going to ask
22 questions, but no point asking questions about an
23 area that -- I see you're looking at your watch, I'm
24 just about finished. I think I'm finished.

25 MR. BELISLE: I don't have any



1 questions.

2 THE WITNESS: I have nothing to
3 add. I won't waive.

4 (The witness was excused.)

5
6 (At 5:30 o'clock p.m.,
7 the deposition was concluded.)
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



West Palm Beach
North Palm Beach
Boca Raton

HIMPES-COHEN
COURT REPORTING SERVICE
Serving South Florida

Fort Lauderdale
Deerfield Beach
Stuart

● ● ●

C E R T I F I C A T E

— — —

State of Florida,)

County of Palm Beach.)

I hereby certify that I have read the foregoing deposition by me given and that the statements contained therein are true and correct to the best of my knowledge and belief.

Dated this day of August, 1992.

PAUL LEVINE, ESQ.



West Palm Beach
North Palm Beach
Boca Raton

KNIPES-COHEN
COURT REPORTING SERVICE
Serving South Florida

Fort Lauderdale
Deerfield Beach
Stuart

C E R T I F I C A T E

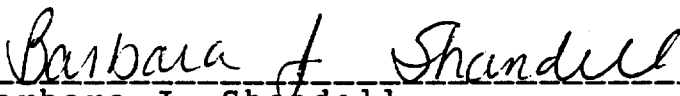
State of Florida)
County of Palm Beach)

I, Barbara J. Shandell, Court Reporter and Notary Public, State of Florida at Large, do hereby certify that PAUL LEVINE, ESQ. was by me first duly sworn to testify to the whole truth; that I was authorized to and did report said deposition in stenotype; and that the foregoing pages, numbered from page 1 to 50, inclusive, are a true and correct transcription of my shorthand notes of said deposition.

I further certify that the said deposition was taken at the time and place hereinabove set forth and that the taking of said deposition was commenced and completed as hereinabove set out.

I further certify that I am not attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel or party connected with the action, nor am I financially interested in the action.

In witness whereof I have hereunto set my hand and seal this 3rd day of August, 1992.


Barbara J. Shandell
Notary Public, State of Florida
at Large. My commission expires
August 16, 1995.

The foregoing certification of this transcript does not apply to any reproduction of the same by any means unless under the direct control and/or direction of the certifying reporter.



[illegible]

ATTACHMENT C

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

MM Docket No. 92-114
File No. BRH-880926UJ
File No. BPH-890103MD

In Re Applications of)
)
ROBERT B. TAYLOR)
)
For Renewal of License for)
Station WTRU (FM) Jupiter, Florida)
)
JUPITER BROADCASTING CORPORATION)
)
For Construction Permit for a)
New FM Station in Jupiter, Florida)

- - -

DEPOSITION OF ALAN H. POTAMKIN

- - -

DATE: July 31, 1992

CERTIFIED COPY

Flagler Reporting, Inc.
2247 Palm Beach Lakes Boulevard
West Palm Beach, Florida 33409
(407) 686-8227

1 A No, sir.

2 Q You did not?

3 A I, the Potamkins, do own half of Tequesta.
4 The other half, I believe, is owned by the Phipps
5 Organization, of which Mr. Boyle is an employee.

6 Q I see. Now, is it true that communications
7 counsel for the partnership, and I am talking about
8 Phipps Potamkin Television Partners, the licensee of
9 WPBF, that that is the firm of Leibowitz and Spencer,
10 is that correct?

11 A Yes, sir.

12 Q Now, in March 1991 a New York corporation
13 known as Potamkin Manhattan Corporation was granted an
14 option for two hundred thirty thousand dollars to buy
15 the forty-nine percent interest in WPBF that was then
16 owned by Potamkin TV Investments, Inc., and the price
17 that was set forth in that option was based on some
18 sort of a staggered schedule, getting higher depending
19 upon what year the option was actually exercised.

20 Now, did that option ever get executed? Was
21 that ever exercised?

22 A No. It has not been exercised.

23 Q Now, the Potamkin Manhattan Corporation, I
24 saw that the president of that is a Victor Potamkin.
25 That is also a relation of yours?

1 A That is correct.

2 Q In other words, when you acquired your
3 interest you undertook the task of constructing that
4 station for the first time?

5 A Correct.

6 Q Now, how long have you known Mr. Paul Levine?

7 A Approximately two and a half years.

8 Q Do you know a gentleman by the name of Philip
9 Greenberg?

10 A No, sir.

11 Q A gentleman by the name of Michael Goldberg?

12 A Yes, sir.

13 Q How long have you known Mr. Goldberg?

14 A Approximately ten years.

15 Q Who was it that first introduced you to the
16 Jupiter radio deal?

17 A Mr. Goldberg.

18 Q At that time it is true, is it not, that he
19 was considering investing myself?

20 A That is correct.

21 Q Now, did you have conversations with
22 Mr. Goldberg about becoming involved?

23 A Yes, sir.

24 Q How did he first inform you of the
25 possibility of involvement in this Jupiter radio deal?

1 A He called me on the telephone.

2 Q Were you here in Miami at that time?

3 A Yes, sir.

4 Q Does he live in Miami?

5 A He did at that time.

6 Q What did he tell you?

7 A There was an opportunity that had been
8 offered to him. He was asking me for some advice. I
9 gave him my opinion and told him that I would be
10 interested in investing or in looking into it and
11 determining if it would be worth my while to be an
12 investor.

13 Q Did he, at that time, explain to you what
14 facility was involved, that it was a radio station in
15 Jupiter, Florida?

16 A Yes.

17 Q Were you aware of those stations before you
18 talked to Mr. Goldberg?

19 A No, I was not.

20 Q Now, did he explain to you how this
21 opportunity had arisen?

22 A Yes.

23 Q What did he tell you?

24 A He had heard from a friend of his, Paul
25 Levine, that there was an opportunity for an investment

3 1 position replacing, I believe it is Mr. Greenberg's
2 position.

3 Q Now, so you indicated to Mr. Goldberg that
4 you might be also interested; is that correct?

5 A That is correct.

6 Q Prior to agreeing to participate, did you
7 have any meetings with any of the existing shareholders
8 of Jupiter Broadcasting Corporation?

9 A I know I met with Michael Goldberg. I don't
10 remember if I met with the other gentlemen before we
11 engaged in the transaction or not. I am sorry.

12 Q The meeting with Mr. Goldberg, was that a
13 meeting in Miami?

14 A Yes, in his office.

15 Q In his office?

16 A Yes.

17 Q Now, among the documents that have been
18 produced in the document production there is a draft of
19 an option agreement which is attached to a letter dated
20 February 20th, 1990.

21 MR. BELISLE: There are probably a couple of
22 draft agreements attached.

23 BY MR. CARR:

24 Q Now, in the option agreement in paragraph one
25 it provides a price of the option for thirty shares at

1 one hundred twenty thousand dollars; is that correct?

2 Is that what is there?

3 A Yes. That is what it says.

4 Q In other words, you were going to purchase an
5 option to buy thirty shares for one hundred twenty
6 thousand dollars?

7 A That is correct.

8 Q Now, paragraph three of that same document
9 states that you agree to provide personal guarantees
10 necessary to secure eight hundred thousand dollars in
11 financing; do you see that?

12 A Yes, I do.

13 Q Now, were you provided with any sort of
14 budget by anybody about what the cost of construction
15 and operation of the AM and FM radio stations in
16 Jupiter would be?

17 A No, I was not.

18 Q Do you know where the eight hundred thousand
19 dollar figure came from?

20 A It was discussed with Mr. Leibowitz^A, my FCC
21 counsel, as a figure that he and I agreed would be more
22 than adequate for the station.

23 Q Now, it makes references to securing eight
24 hundred thousand dollars in financing. Now, was there
25 any discussion with Mr. Leibowitz about what steps

1 would be taken to get the eight hundred thousand
2 dollars in financing?

3 A No. That would be my responsibility.

4 Q What did you have in mind as to what steps
5 you would take to secure the eight hundred thousand
6 dollars in financing?

7 MR. BELISLE: I would just like to point out
8 at this time we are talking about a draft
9 agreement that wasn't signed and we are talking
10 about it as if it is the agreement.

11 MR. CARR: No, no. I am going to move
12 through another draft into the final draft, but I
13 think the provision for securing eight hundred
14 thousand dollars in financing, although it may be
15 slightly differently worded, the figure eight
16 hundred thousand dollars securing financing
17 remains the same in all of them.

18 MR. BELISLE: I think the eight hundred
19 thousand dollars in financing was moved from the
20 option agreement itself, which is what we are
21 talking about here, into the shareholders'
22 agreement. So when we are talking now as if
23 Mr. Potamkin might have agreed to give a guarantee
24 for eight hundred thousand dollars outside of the
25 shareholders' agreement, well, of course it was a

4 1 A I don't remember how we arrived at that two
2 hundred forty thousand dollar figure.

3 Q Because it keeps appearing. Now, that
4 paragraph five says that you are going to arrange for
5 this loan and that you will personally guarantee it or
6 give security for it; isn't that correct? Isn't that
7 what it says?

8 A The one hundred ninety-seven thousand
9 dollars, yes.

10 Q Does it not also state that none of the other
11 shareholders are going to be required to give any
12 guarantee or any security for that loan?

13 A It does say that.

14 Q Now, did you arrange for the one hundred
15 ninety-seven thousand dollar loan? Did you make
16 arrangements for that?

17 A Yes, I did.

18 Q Would I be correct if I described it as a
19 revolving line of credit with Barnett Bank?

20 A I am not sophisticated enough to know if that
21 is the proper phrase.

22 Q Is it a line of credit that can be drawn on
23 at Barnett Bank as money is needed?

24 A Yes, it is.

25 Q Now, when you arranged for that line of

4 1 credit, did Barnett Bank require any security from you
2 or was this simply given on your personal guarantee?
3 Do you recall what the bank required in order to set
4 that up?

5 A It is on my personal guarantee, secured by
6 monies that I give to the bank.

7 Q When you say monies you give to the bank, in
8 what form are these monies given to the bank?

9 A I will establish a certificate of deposit
10 with the bank as a guarantee of their loan to the
11 station.

12 Q Have you done that?

13 A Yes.

14 Q You have done that, I see. Now, in the front
15 of the letter, or right in the bottom paragraph do you
16 see that it states, "Also enclosed for your information
17 is the market data for the West Palm Beach radio market
18 from a publication entitled Investing In Radio 1989,"
19 do you see that?

20 A Yes, I do.

21 Q Did you request that information?

22 A I don't remember if I requested it or if I
23 was given it.

24 Q Do you recall getting it?

25 A Not particularly.